

Message Text

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ACTION PM-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

L-03 AID-20 IGA-02 OMB-01 EB-11 COME-00 MC-02 TRSE-00

DRC-01 /069 W

----- 062479

O R 101136Z JAN 74 ZFF-4

FM AMEMBASSY JIDDA

TO SECDEF

INFO SECSTATE WASHDC 5851

COE RIYADH

C O N F I D E N T I A L JIDDA 109

E.O. 11652: GDS

TAGS: MASS, SA

SUBJECT: BRIEFING FOR MODA ON FMS COST ESTIMATING
PROCEDURES

REF: (A) DISTENGR RIYADH 021035Z JAN 74; (B) JIDDA 5718 (NOTAL;
(C) JIDDA 70; (D) JIDDA 5157

CORPS OF ENGINEERS RIYADH HAS TRANSMITTED TO EMBASSY
FOLLOWING OUTLINE OF POINTS DEFENSE TEAM SHOULD AD-
DRESS IN ITS EFFORT TO BRIEF PRINCE SULTAN AND HIS
STAFF ON FMS COST ESTIMATING PROCEDURES, QUOTE:
THE TEAM SHOULD REPRESENT THE USG AND SHOULD:

A. MEET WITH HRH PRINCE SULTAN TO DEMONSTRATE CON-
CERN OF USG ABOUT PRICES AND PRICE INCREASES.
B. PRESENT A FORMAL BRIEFING ON THE USG NON-PROFIT
PROCUREMENT PROCESS FOR REGULAR AND SPECIAL FMS
PROCUREMENTS USING FMS UIL AND UIM FOR 2-1/2 TON
TRUCKS AS AN EXAMPLE OF A REGULAR PROCUREMENT
AND FMS CASE UJQ FOR M800 SERIES VEHICLES AS AN EXAMPLE
OF SPECIAL PROCUREMENT.

(1) EXPLAIN THE ENTIRE COST ESTIMATING PROCESS.

(2) EXPLAIN COST REVISING PROCESS.

C. PRESENT AN EXPLANATION OF HOW ACCESSORIAL COSTS
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ARE DERIVED USING SALES CASES UIL AND UIL WITH INCREASES

AS EXAMPLES.

D. MAKE OR WITHDRAW RECOMMENDATION TO SAUDI GOVERNMENT TO PURCHASE COMMERCIAL VEHICLES IN LIEU OF M800 SERIES VEHICLES (REF MSG R191731Z JUNE 73 (C) FROM SECSTATE TO AMEMB). IF APPROPRIATE, JUSTIFY ABOVE POLICY CHANGE AS BEING ADVANTAGEOUS FOR BOTH THE SAG AND USG. EXPLAIN WHICH COMMERCIAL VEHICLES AND HOW REPAIR PARTS REQUIREMENTS FOR COMMERCIAL VEHICLES WOULD BE SUPPORTED BY USG.

E. PRESENT US POLICY FOR SUPPORTING EQUIPMENT THAT HAS BEEN SOLD TO SA USING THE M715 1-1/4 TON TRUCK AS ONE EXAMPLE.

F. EMPHASIZE US PROCUREMENT POLICIES REGARDING PROCEDURES FOR INFORMING SAG OF ANY CHANGES TO VEHICLE OR REPAIR PART PROCUREMENTS THAT WILL IMPACT ON PRESENT VEHICLE SUPPORT FOR PLANNED PURCHASES SHOWN IN THE SAA 5-YEAR PLAN.

G. PROVIDE CURRENT STATUS OF US REGARDING THE AVAILABILITIES OF VEHICLES IN SUPPORT OF SAA 5-YEAR VEHICLE PLAN AND PRESENT ALTERNATIVES AS NECESSARY.

H. BRIEF HRH PRINCE SULTAN ON THE FMS PROGRAM, I.E., THE CONDITIONS ON THE REVERSE SIDE OF FMS CONTRACT. PROVIDE EXAMPLES OF HOW PRICE INCREASES ARE AGREED TO AFTER SALES CASES ARE SIGNED AND IMPLEMENTED AS OCCURRED ON FMS UGB.

I. PRESENT AND "SELL" THE USG POSITION TO THE SAG CONCERNING DELIVERY AT POE VERSUS POD. UNQUOTE AKINS

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